

## COMMUNITY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Wednesday 26 June 2019
<b>Report Subject</b>	Welfare Reform Update
<b>Cabinet Member</b>	Cabinet Member for Corporate Management & Assets
<b>Report Author</b>	Chief Officer – Housing & Assets
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

Welfare Reform will, by 2020, have reduced expenditure on social security benefits available to low income working-age households by around £31<sup>1</sup> billion per annum.

Since 2012, Flintshire County Council, together with its partners, have attempted to mitigate the full impacts of the reforms from falling upon vulnerable Flintshire residents and the report considers how to continue managing the impacts of the reforms introduced under the provisions of the Welfare Reform and Work Act 2016.

This report provides an update to Cabinet on the impacts that Universal Credit 'Full Service' and other welfare reforms are having on Flintshire residents and the work that is ongoing to mitigate and support these households. It also includes details of plans for the work that is required to support Flintshire residents.

### RECOMMENDATIONS

1	That Scrutiny support the report and the ongoing work to manage the impacts that Welfare Reforms has and will continue to have upon Flintshire's most vulnerable households.
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### REPORT DETAILS

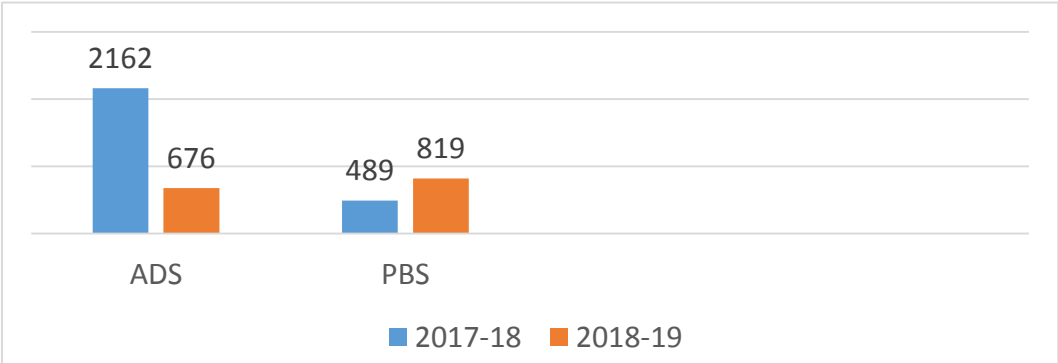
<sup>1</sup> The Welfare Reform Act 2012 introduced reforms that reduced expenditure on social security benefits by £19 billion pa and the Welfare Reform and Work Act 2016 is introducing reforms which will reduce expenditure by a further £12 billion pa.

<b>1.00</b>	<b>EXISTING WELFARE REFORMS – THE WALES PICTURE</b>
1.01	<p><b>Removal of the Spare Room Subsidy</b> (Flintshire specific is referred to later in this report). – More commonly referred to as the Bedroom Tax, this reform relates to restrictions to Housing Benefit or Universal Credit where the claimant is under occupying the property. The restrictions are:</p> <p>14% reduction to the eligible rent where a person has one or more “spare bedroom”  25% reduction to the eligible rent where a claimant has two or more “spare bedrooms”</p>
1.02	According to a Welsh Government Report – “Impact of welfare reform on households in Wales 2019” (link at 6.02), as at August 2018, 25,890 (12 per cent) recipients of Housing Benefit in Wales had a reduction to their weekly award.
1.03	The majority of those affected recipients (81 per cent) in Wales were deemed to be under-occupying their property by one room. The means weekly spare room reduction amount in Wales in August 2018 was £15.83 per person.
1.04	<b>Benefit Cap</b> (Flintshire specific is referred to later in this report)
1.05	At August 2018, 2,870 households in Wales had their Housing Benefit capped; 90 per cent of those had between 1 and 4 children and 10 percent of those had 5 or more children. 77 per cent of households in Wales that had their Housing Benefit capped at August 2018 were single-parent families.
1.06	All of the households in Wales that had their Universal Credit (UC) capped as at August 2018 were households with children. At August 2018, the majority (71 per cent) of households in Wales that had their UC capped were capped by the equivalent of £50 or less a week.
1.07	<b>Universal Credit</b> (Flintshire specific is referred to later in this report).
1.08	As at February 2019 the DWP confirmed 87,000 customers in Wales were in receipt of UC of which 34% were working. The number of customers working are comparable with those working in the rest of the United Kingdom.
1.09	<b>Welfare Reform Impact – Flintshire</b>
1.10	<b>Bedroom Tax</b>

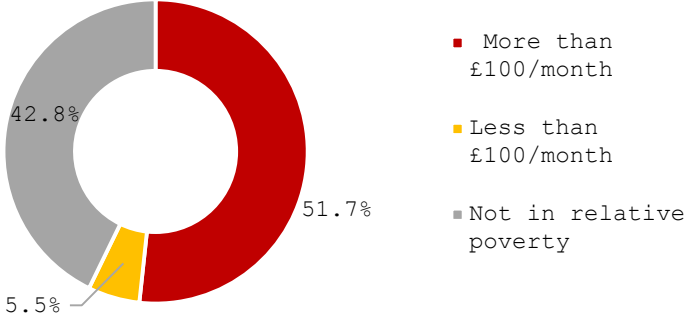
1.11	<p style="text-align: center;"><b>Households Affected by "Bedroom Tax"</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Category</th> <th>14% Reduction</th> <th>25% Reduction</th> </tr> </thead> <tbody> <tr> <td>LA</td> <td>405</td> <td>118</td> </tr> <tr> <td>RSL</td> <td>124</td> <td>25</td> </tr> <tr> <td>Boarders</td> <td>5</td> <td>0</td> </tr> </tbody> </table>	Category	14% Reduction	25% Reduction	LA	405	118	RSL	124	25	Boarders	5	0
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1.12	<p>At March 2019, a total of 677 households were impacted by the Bedroom Tax as detailed below:-</p> <p>534 households are affected by a 14% reduction. These households comprise of:-</p> <ul style="list-style-type: none"> <li>• 405 LA properties totalling a weekly reduction of £5508.84;</li> <li>• 124 Registered Social Landlord households totalling a weekly reduction of £1798.13 and;</li> <li>• 5 private boarders totalling a weekly reduction of £88.37.</li> </ul> <p>The above deduction is at a cost of £7395.34 per week and equates to £384,557.68 per annum.</p>												
1.13	<p>143 households are affected by a 25% reduction. These households comprise of :-</p> <ul style="list-style-type: none"> <li>• 118 LA properties with a weekly reduction of £2933.21 and;</li> <li>• 25 Registered Social Landlords households with a weekly reduction of £629.91</li> </ul> <p>The above deduction is at a cost of £3563.12 per week and equates to £185,282 per annum.</p>												
1.14	<p>Below shows the Flintshire locations with the highest proportion of this welfare reform impact.</p> <ul style="list-style-type: none"> <li>• 34 LA properties within CH4</li> <li>• 99 LA properties within CH5</li> <li>• 71 LA properties within CH6</li> <li>• 79 LA properties within CH7</li> <li>• 100 LA properties within CH8</li> </ul>												
1.15	<p><b>Benefit Cap</b></p>												

1.16	<p>The total amount of annual 'out of work' benefit income which a 'working-age' household can receive is set at (figures for households outside of greater London):</p> <ul style="list-style-type: none"> <li>▪ £20,000<sup>2</sup> for couples and lone parents (£383.56pw)</li> <li>▪ £13,400 for single claimants (£256.99pw)</li> </ul>
1.17	<p>Comparing data from June 2017 to December 2018, the number of households affected by the benefit cap has reduced by 18% from 114 households to 93 households. (This reduction is likely to be due to customers having a change in their circumstances that may provide them with an exemption from the Cap, such as starting work or entitlement to a disability related benefit) However, those who are affected by this reform tend to experience a greater reduction in their weekly income.</p>
1.18	<p>49 of these households have been identified as being at financial risk and there is support available by the Welfare Reform Response Team within the Council, to ensure where possible, they don't reach crisis point.</p>
1.19	<p><b>Universal Credit</b></p>
1.20	<p>As at April 2019 the caseload for Flintshire customers in receipt of UC was 5,790 compared to a caseload of 3,623 in June 2018 which equates to a 59.81% increase.</p>
1.21	<p>In Flintshire the current UC caseload confirms 41.39% of those customers (3,623) are working which is slightly higher than the national average which stands at 34%.</p>
1.22	<p>There has been a decrease of 8% in the total caseload for Housing Benefit (HB) and Council Tax Reduction (CTRS). This is likely to reflect households moving onto UC and not claiming CTRS.</p>
1.23	<p>However to mitigate against the reduction in CTRS claims we are actively promoting CTRS and there is a working group focused on this area. This group is working on a range of activities such as cross referencing Free School Meal data to identify any potential entitlement, the creation of promotional material, leaflets, the use of Social Media, attending community events etc. to promote CTRS. The results of this campaign will be available later in the year.</p>
1.24	<p>As at April 2019 there were 546 Flintshire Council House tenants in receipt of UC and the total amount of rent arrears for these tenants was approximately £567,000.</p> <p>As Flintshire was a pilot area for UC the impacts of this change have been more pronounced at an early stage when compared with other areas that moved onto UC later in the rollout programme. This reflects changes to UC as it was being developed in a 'live' environment, as such these impacts are likely to be more pronounced for the early pilot areas.</p>

<sup>2</sup> For information - in Greater London area the benefit cap is set at £23,000 for couples/lone parents and £15,410 for single claimants.

1.25	The impacts on rent arrears are also being experienced by other Social Landlords. One Housing Association confirmed that as at the end of March 2019, 760 tenants were in receipt of UC and that the arrears for these tenants was around £321,000.									
	<b>Update on Our Continuation of the Local / Internal Service</b>									
1.26	Without prior announcement, on 1 <sup>st</sup> October, DWP published their decision that from 1 <sup>st</sup> April 2019 they would no longer fund Local Authorities to provide Universal Support (which consisted of personal budgeting and digital assistance) but instead Citizens Advice (England and Wales) and Citizens Advice Scotland would take on the responsibility for delivering the replacement service which is called “help to claim process”.									
1.27	<p>The provision in Flintshire is being delivered by neighbouring Chester West Citizens Advice for 18.5hrs per week as follows:</p> <table data-bbox="320 752 1094 860"> <tr> <td>Monday</td> <td>Mold Job Centre</td> <td>9.30 to 2.30</td> </tr> <tr> <td>Tuesday</td> <td>Shotton Job Centre</td> <td>9.30 to 2.30</td> </tr> <tr> <td>Wednesday</td> <td>Flint Job Centre</td> <td>9.30 to 2.30</td> </tr> </table> <p>These sessions are to provide face to face, telephone and webchat support.</p> <p>This support does not include the personal budgeting support element and is only available to customers up to the date they receive their first full UC payment</p>	Monday	Mold Job Centre	9.30 to 2.30	Tuesday	Shotton Job Centre	9.30 to 2.30	Wednesday	Flint Job Centre	9.30 to 2.30
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1.28	<p>There are concerns about this model due to the limited support that is available to customers specifically around the support required with personal budgeting, which in UC is particularly significant to customers who may be entering work for the first time, or have been in receipt of benefits for some time, and for whom moving to one combined monthly payment poses a real challenge.</p> <p>Since the start of UC, the council has seen unprecedented demand on services in relation to managing their finances, navigating the UC online systems and supporting customers to understand their claims and challenge where necessary.</p> <p>The chart below shows the volumes of customers supported with personal budgeting and with their online claim (not limited to the beginning of their UC journey) since 2017.</p>  <table border="1" data-bbox="320 1704 1382 2065"> <thead> <tr> <th>Service</th> <th>2017-18</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>ADS</td> <td>2162</td> <td>676</td> </tr> <tr> <td>PBS</td> <td>489</td> <td>819</td> </tr> </tbody> </table>	Service	2017-18	2018-19	ADS	2162	676	PBS	489	819
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1.29	Work will be carried out to assess any negative impacts of this change and where possible services will be provided to address the gaps in provision.																
1.30	<b>Welfare Reform Response Team</b>																
1.31	The Welfare Reform Response Team has been in place for the last two years and combines the administration of discretionary housing payment with both financial and holistic support for those customers impacted by Welfare Reforms.																
1.32	We have analysed the impact of Welfare Reforms for Flintshire residents. This detailed analysis has modelled impacts 'as is' and as it would be in 2020, both under the current benefit system and Universal Credit.																
1.33	The analysis has identified a number of households that continue to be highly impacted by welfare reform, and has evaluated individual circumstances using two measures of living standards; relative poverty (based on the UK Poverty Line) and financial resilience.																
1.34	This data and information is being used to form a proactive action plan for the welfare reform response team to target support to these households in order to help alleviate the impacts and also assist households to plan and prepare now for future changes.																
1.35	<p>The team support customers who have wide and varied issues and as a measure the table below provides this in more detail:</p> <p><b>Table 1</b></p> <table border="1"> <tr> <td>Safeguarding tenancy/prevent homelessness</td> <td>337</td> </tr> <tr> <td>Immediate Needs, DAF, Foodbank, Advance</td> <td>243</td> </tr> <tr> <td>Money Advice</td> <td>218</td> </tr> <tr> <td>Benefit check/maximise income</td> <td>204</td> </tr> <tr> <td>Priority bills/debts</td> <td>234</td> </tr> <tr> <td>Non Priority bills/debts</td> <td>208</td> </tr> <tr> <td>Total outcomes</td> <td>1445*</td> </tr> <tr> <td><b>Total number of customers</b></td> <td><b>396*</b></td> </tr> </table> <p><i>*This reflects customers being supported with multiple issues</i></p>	Safeguarding tenancy/prevent homelessness	337	Immediate Needs, DAF, Foodbank, Advance	243	Money Advice	218	Benefit check/maximise income	204	Priority bills/debts	234	Non Priority bills/debts	208	Total outcomes	1445*	<b>Total number of customers</b>	<b>396*</b>
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1.36	According to our current analysis as at December 2018, 51% of Flintshire residents (equating to 5,879 households) who currently receive either Housing Benefit and/or CTRS are in relative poverty by more than £100 per month. The chart below provides more detail in relation to household poverty status.																

	<p style="text-align: center;">Flintshire residents by relative poverty status</p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>More than £100/month</td> <td>51.7%</td> </tr> <tr> <td>Less than £100/month</td> <td>5.5%</td> </tr> <tr> <td>Not in relative poverty</td> <td>42.8%</td> </tr> </tbody> </table>	Category	Percentage	More than £100/month	51.7%	Less than £100/month	5.5%	Not in relative poverty	42.8%
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1.37	<p>Due to the ongoing challenges of welfare reform and the impact on other services the Welfare Reform Response Team will continue to focus on supporting residents impacted by welfare reform and facing poverty to achieve financial savings and improve resilience.</p>								
1.38	<p>The Welfare Reform Team consider that their objectives include but are not exclusive to providing support to :-</p> <ul style="list-style-type: none"> <li>• Those in crisis by improving income and employment opportunities</li> <li>• Providing advice about reducing expenditure by Discretionary Housing Payment application and maximising income/benefit entitlement.</li> <li>• Help to provide short term solutions such as Discretionary Housing Payments to move home (where circumstances are appropriate).</li> <li>• Assist those with longer term solutions through budgeting advice and access to specialised support.</li> </ul>								
1.39	<p>Using the analysis, future work planning has been identified and the Welfare Reform Response Team are currently focussing support on two groups of Flintshire households who are impacted by recent changes in Welfare Reform.</p> <ul style="list-style-type: none"> <li>• 44 Mixed aged couples who are eligible for Pension Credit but are not claiming;</li> <li>• 28 lone parents whose youngest child will turn 5 in the next 6 months.</li> </ul>								
1.40	<p>Further plans have been identified which include providing targeted support to the following:-</p> <ul style="list-style-type: none"> <li>• Targeted employment support to 5,218 households who are out of work with low barriers to work of which 111 households in crisis have been identified as potentially benefiting from Discretionary Housing Payments.</li> <li>• Encourage take up of available support for free childcare to 129 households in Flintshire who are eligible.</li> <li>• Target support to 101 households with two children who are at risk of losing support if they have a 3<sup>rd</sup> child.</li> </ul>								

	<ul style="list-style-type: none"> <li>• Target support to 38 households at financial risk who are affected by the two-child limit.</li> <li>• Following changes to work allowances within Universal Credit, identify 194 households who are in self-employment and not already on Universal Credit who may face reductions.</li> <li>• Focus on households (equating to 1,487) who are, or will be, worse off under Universal Credit.</li> <li>• Target support to 93 households subject to the Benefit Cap.</li> </ul>
1.41	Proactive work is undertaken by the Welfare Reform Response Team for cases where Discretionary Housing Payments are due to end this is to review whether ongoing continued support is required.
1.42	Flintshire's response to the implementation of Universal Credit has been seen as a model of good practice by other Welsh Local Authorities and the Welsh Government and the Benefit Department have been providing support and advice to other Welsh Local Authorities ahead of the roll out in their respective areas.
1.43	Flintshire are actively engaged with Registered Social and private landlords, Financial Inclusion Forum and Flintshire's Tackling Poverty Group to help provide support and advice for households affected by Welfare Reform.
1.44	DWP announced in March that Harrogate was going to be the pilot area for a major trial of 'managed migration' due to its diverse range of customers. We anticipate that learning from this pilot area will be shared in advance of 'managed migration' being introduced in Wales so that the team can support those customers in readiness for the move to Universal Credit.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	Reduction in the Discretionary Housing Payments Fund provided by DWP of £38,851 for 2019-20 means there is less DWP funding for residents in need of assistance (for HB and UC). This will be monitored in year to highlight any potential pressures which will be reported through budget monitoring processes.
2.02	Delivery of Personal Budgeting Support is no longer funded by DWP. However, Welfare and budgeting support will continue to be provided by the Welfare Reform Response Team due to the extra resources that have been secured for the next two years and a further financial pressure has been highlighted for year three.
2.03	The latest welfare reforms will impact on new Flintshire households, for example, working households, who may also seek advice and support on how to manage their loss of income.



2.04	To manage the increased demand from Flintshire households experiencing social welfare problems, the Council has supported the development of the Flintshire Local Advice and Housing Support Gateways.
2.05	Both Gateways aim to reduce pressures on internal and external providers by effectively triaging referrals to ensure a person is referred to the most appropriate service provider.
2.06	The team will, with the additional resources, be able to identify, plan support and undertake pro-active activities to assist residents in order to mitigate welfare reforms in 2019/20.
2.07	There are clear risks to the Council around increasing rent and council tax arrears.
	<b>Financial Implications</b>
2.08	From April 2019, the DWP no longer fund the Council to provide Universal Credit customers with Personal Budgeting Support and Assisted Digital Support.
2.09	Demand for budgeting support continues to increase and will continue to be provided by the Welfare Reform Response Team to all residents who are affected by Welfare Reform not just those receiving Universal Credit.
2.10	Flintshire Connects will continue to respond to ongoing demand for digital support for Universal Credit customers.
2.11	<p>There are concerns with the Help to Claim model surrounding the date of contact versus date of claim. As previously the date the customer made contact with the Local Authority could be taken as the start date for Universal Credit entitlement. However, under the revised model this provision does not exist. The implication here could be an increase in rent arrears, access to food banks, pay day lenders etc.</p> <p>We will be monitoring the impacts of this model and will share our findings with both DWP and Welsh Government.</p>

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Not applicable with this report.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	For some Flintshire households the financial impacts of Universal Credit is yet to be fully felt in terms of the time taken to receive the first payment of Universal Credit. However, the activities that have taken place and are underway to mitigate the negative impacts, as far practicably possible, have been noted in the main report.

4.02	The increase in the Welfare Reform Response Team will assist residents in dealing with the financial pressures felt as a result of the implementation of Universal Credit. The team work to directly target advice and support for households throughout Flintshire whom, due to the impact of the ongoing welfare reforms, are at most risk of losing household income, those facing increasing difficulties in maintaining their rent payments, and those at an increased risk of homelessness.
4.03	The team will, with the extra resources be able to identify, plan support and undertake pro-active activities to assist residents in order to mitigate welfare reforms in 2019/20.
4.04	<p>The DWP announcement regarding the removal of funding for the Local Authority to provide Universal Support from 1<sup>st</sup> April 2019 will put the work of the team at risk in terms of providing “wrap around” support from a single point of contact from this date.</p> <p>It is too early at this stage for an assessment to be made in relation to this change.</p> <p>However, the Welfare Reform Team will work proactively to identify the gaps in provision and provide the support to mitigate the impacts on the customers.</p>

<b>5.00</b>	<b>APPENDICES</b>
5.01	None

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<a href="https://gov.wales/sites/default/files/publications/2019-03/impact-of-welfare-reform-on-households-in-wales.pdf">https://gov.wales/sites/default/files/publications/2019-03/impact-of-welfare-reform-on-households-in-wales.pdf</a>
6.02	<a href="https://www.gov.uk/government/news/citizens-advice-to-provide-support-to-universal-credit-claimants?utm_source=4f4a9ae5-2d1e-4c58-acad-f05b19d5849e&amp;utm_medium=email&amp;utm_campaign=govuk-notifications&amp;utm_content=immediate">https://www.gov.uk/government/news/citizens-advice-to-provide-support-to-universal-credit-claimants?utm_source=4f4a9ae5-2d1e-4c58-acad-f05b19d5849e&amp;utm_medium=email&amp;utm_campaign=govuk-notifications&amp;utm_content=immediate</a>
6.03	<p><b>Contact Officer: Jen Griffiths</b>  <b>Telephone:</b> 01352 – 702929  <b>E-mail:</b> <a href="mailto:Jen.Griffiths@flintshire.gov.uk">Jen.Griffiths@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<b>Eligible Rent</b> – this is the amount of rent (net of any ineligible services) that a claim for housing benefit or universal credit is calculated from.

7.02	<p><b>Financial Resilience</b> - A household's financial resilience is measured by comparing its income with its costs, which are based on figures taken from the Living Costs and Food survey for low income households. Each household is grouped into one of four categories based on their income after costs are accounted for.</p> <p>Coping = income after costs is more than £100 per month</p> <p>Struggling = income after costs is between £0 and £100 per month</p> <p>At risk = household costs exceed income</p> <p>In crisis = a household's income is less than their rent</p>
7.03	<p><b>Housing Benefit</b> - helps tenants pay all, or part of their rent if they have a low income. Housing Benefit is administered by Local Authorities.</p>
7.04	<p><b>Ineligible Services</b> – These are charges that may be included in rent that are not eligible for support through either housing benefit or universal credit. Such as: heating; lighting; hot water; meals</p>
7.05	<p><b>UK poverty line</b> - Each year, the UK Government publishes a survey of income poverty in the UK called Households Below Average income (HBAI). ... In other words, if a household's income is less than 60 per cent of this average, HBAI considers them to be living in poverty.</p>
7.06	<p><b>Spare Bedroom</b> – in the context of the spare room subsidy (or bedroom tax) this is where there are more bedrooms in the property than the household need. For example, a single person living in a two bedroom house would be deemed as having one “spare” bedroom.</p>
7.07	<p><b>Universal Credit (UC)</b> – is an integrated means-tested benefit for people of working age whose income is below a specified minimum amount. UC can be claimed by working age people in and out of employment.</p>
7.08	<p><b>UC Full Service</b> – in a full service area, UC will be claimed by all working age claimants who make a new claim for a means-tested benefit.</p>
7.09	<p><b>UC Live Service</b> - access to UC within a live service area is controlled by an ‘eligibility gateway’ which, predominantly, restricts new UC claims being made unless the claimant is a newly unemployed single person.</p>
7.10	<p><b>Universal Support</b> – Helps claimants through every step of making a UC claim. Offers people comprehensive and practical support they need to get their first payment on time and be ready to manage it when it arrives. It has a focus on personal budgeting advice and digital support.</p>
7.11	<p><b>Working Age</b> – for social security benefits ‘working age’ ends for both men and women at the female statutory retirement pension age. In May 2016 this is 63 years old. The female statutory retirement age is gradually increasing to equalise with men (65 year old) in October 2018. The pension age for both men and women will then increase to 66 in 2020.</p>

7.12	<b>Welfare Reforms</b> – changes being introduced to a range of social security benefits and tax credits, which aim to ensure that the United Kingdom has an affordable benefit system.
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